BALANCED BUDGET ACT/Final Passage

SUBJECT: **Balanced Budget Act of 1997 . . . S. 947. Final passage, as amended.**

ACTION: BILL PASSED, 73-27

SYNOPSIS: As passed, S. 947, the Balanced Budget Act of 1997, will make net mandatory spending reductions of $126 billion, which will be sufficient to balance the budget by 2002 and to provide the American people with tax relief. This bill is the first reconciliation bill that is required by H.Con. Res. 84, the Budget Resolution for fiscal year (FY) 1998 (see vote No. 92). The second bill will provide tax relief (see vote No. 160). Details are provided below.

Medicare:

- Reforms will be enacted that will reduce net projected outlays by $116.1 billion over the next 5 years, with the result that the Part A trust fund will remain solvent until 2006 (without enactment of reforms, the Medicare trustees estimate the fund will be insolvent by 2001).
- Home health care services will be partially transferred from Part A (hospitalization) of Medicare to Part B (physicians' services) of Medicare. The first 100 home health care visits after a hospital stay will still be covered under Part A. The partial transfer, which will total $30.7 billion over 5 years, will take place over 7 years; the Part B premium will be increased as that transfer is made. Beneficiaries who have incomes above the poverty line will be charged a $5 copayment fee for home health care visits under Part B (this fee will be in lieu of the normal 20 percent copayment fee charged for Part B services); additional premium assistance will be given to low-income beneficiaries. For related debate, see vote Nos. 111, 121, and 127.
- Medicare options beyond the traditional fee-for-service (FFS) and the limited health maintenance organization (HMO) programs will be provided. Individuals may remain in the current programs or receive Medicare through a Medicare Choice plan. Medicare Choice plans will include private FFS plans, preferred provider organizations, point-of-service plans, HMOs, and medical savings accounts (MSAs; this last option will be limited to 100,000 enrollees from 1999 to 2002), and any other type of plan that meets specified standards. All plans except MSAs will at a minimum offer the same items and services as the traditional FFS

(See other side)

YEAS (73)			NAYS (27)		NOT VOTING (0)	
Republicans (52 or 95%)		Democrats (21 or 47%)	Republicans (3 or 5%)	Democrats (24 or 53%)	Republicans (0)	Democrats (0)
Abraham	Hutchison	Baucus	Faircloth	Akaka		
Allard	Inhofe	Biden	Grams	Bingaman		
Ashcroft	Jeffords	Breaux	Helms	Boxer		
Bennett	Kempthorne	Bryan		Bumpers		
Bond	Kyl	Cleland		Byrd		
Brownback	Lott	Conrad		Daschle		
Burns	Lugar	Feingold		Dodd		
Campbell	Mack	Feinstein		Dorgan		
Chafee	McCain	Ford		Durbin		
Coats	McConnell	Glenn		Harkin		
Cochran	Murkowski	Graham		Hollings		
Collins	Nickles	Kerrey		Inouye		
Coverdell	Roberts	Kohl		Johnson		
Craig	Roth	Landrieu		Kennedy		
D'Amato	Santorum	Leahy		Kerry		
DeWine	Sessions	Lieberman		Lautenberg		
Domenici	Shelby	Moseley-Braun		Levin		
Enzi	Smith, Bob	Moynihan		Mikulski		
Frist	Smith, Gordon	Robb		Murray		
Gorton	Snowe	Rockefeller		Reed		
Gramm	Specter	Wyden		Reid		
Grassley	Stevens			Sarbanes		
Gregg	Thomas			Torricelli		
Hagel	Thompson			Wellstone		
Hatch	Thurmond					
Hutchinson	Warner					

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

Medicare program. Cost-sharing requirements may differ, but the average total amount of cost-sharing for any plan except an MSA or FFS plan will not exceed the average total amount of cost-sharing for the FFS Medicare program. Additional basic benefits may be offered in a plan and included in the basic premium price. Optional benefits for additional premiums may be offered. Current balance billing restrictions will apply to all plans except private FFS and MSA plans (see vote No. 122). Plans will not discriminate based on health status. In choosing a managed care entity, individuals will be permitted to have access to appropriate faith-based facilities.

- Medicare reimbursement rates will be equalized across geographic regions. No area will have a decrease in payments. Changes will be phased in.
- The following new basic benefits will be provided: expanded mammography coverage; colorectal screening; diabetes self-management; and higher provider payments for preventative vaccines.
- Part B premiums will be permanently set at 25-percent of Part B costs; that subsidy will be phased out for upper-income beneficiaries. See vote Nos. 113-114 for related debate.
- Pricing changes will include a prospective pricing system: for home health providers; skilled rehabilitation departments; and outpatient departments.
- The eligibility age for Medicare will be raised from 65 to 67 over a 24-year period starting in 2003. For related debate, see vote No. 112.
- Reforms to reduce waste, fraud, and abuse will be enacted.
- Medicare will not reimburse chiropractors.
- Medicare beneficiaries will be allowed to use their own funds to see doctors they saw before becoming eligible for Medicare if those doctors do not take Medicare patients. See vote No. 120.

Medicaid:

- Reforms will be enacted that will save $16.5 billion over the next 5 years.
- Projected "Disproportionate Share Hospital" payments will be reduced for savings of $12.3 billion over 5 years.
- State flexibility to administer the Medicaid program will be enhanced, including by repealing the Boren amendment. For related debate, see vote Nos. 124-125.

Child health care initiative:

- $16 billion will be provided to insure currently uninsured children (an additional $8 billion will be provided in the second reconciliation bill; see vote No. 135 for related debate).
- States will have the option of choosing the Chafee-Rockefeller proposal to expand Medicaid coverage or of accepting a block grant to institute their own programs.
- None of the funds may be used to pay for abortions, except in rape, incest, and life-of-the-mother cases. For related debate, see vote No. 129.
- If a State chooses the block grant option, it will have to provide benefits that are equivalent to the benefits provided under a Blue Cross/Blue Shield standard plan under the Federal Employee Health Benefits Plan (FEHBP), and it will have to provide vision and hearing benefits. For related debate, see vote No. 128.
- States will be required to cover all children below the Federal poverty level and up to age 19 in Medicaid.
- States will be required to maintain their current levels of spending for children's health.
- States will use 1 percent of funds for Medicaid outreach (efforts to find new enrollees).
- Plans developed by the States under the block grant option that offer mental health coverage will offer it with the same kind of coverage provided for other physical illnesses.

Other welfare provisions:

- $11.375 billion will be provided to restore Supplemental Security Income (SSI) and Medicaid benefits to legal noncitizen immigrants who are currently enrolled or will be enrolled in the SSI program prior to September 30, if they arrived in the United States on or before August 22, 1996 (as reported, the bill only allowed such immigrants who were disabled and not yet enrolled to enroll before the September deadline; the extension for other immigrants was made with the understanding that the issue would be discussed further in conference). Aliens who are denied citizenship based solely on the severity of their disabilities will be eligible for SSI benefits.
- $2.9 billion in additional funding will be provided for the Temporary Assistance for Needy Families (TANF) program.
- $1.5 billion in additional spending will be provided for the Food Stamp Program in order to allow States to exempt up to 15 percent of able-bodied adults aged 18-50 without dependents from the work requirements, and to increase job training program slots for such people (job training may be used to fulfill work requirements).

Other provisions:

- The Commerce Department will achieve approximately $17.9 billion in savings, mostly by making changes related to broadcast spectrum.
- Housing reforms will be enacted for approximately $2 billion in savings.

- $1.8 billion will be saved from student lending, with 57 percent of the savings coming from guaranteed student lending and 43 percent coming from direct lending. For related debate, see vote No 126.
- Employee contributions to the Civil Service Retirement Fund and the Federal Employees Retirement System (FERS) will be increased.
- Agency contributions to the Civil Service Retirement Fund will be increased.
- $2.7 billion will be saved from Veterans' Affairs (VA) direct spending, including by renewing existing VA authority to recover private health insurance proceeds and to charge copayments for certain services (for the first time, the VA will be allowed to retain such proceeds to finance veterans' health care).
- Senators will pay both the employer and employee share of their health benefit plan premiums.
- States will be required to verify that Food Stamp benefits are not being given to families for individuals who are in prison.

NOTE: After the vote, per a prior unanimous consent agreement, the Senate took up H.R. 2015, struck all after the enacting clause, inserted in lieu thereof the text of S. 947, as amended, and passed it by voice vote.

Those favoring final passage contended:

With this bill we are continuing on the path to a balanced budget by 2002. First, we reached a bipartisan agreement on how to balance the budget by 2002. Details were added to that agreement in the Budget Resolution. To put the budget agreement and Budget Resolution into effect, the required direct spending cuts, tax reforms, and discretionary spending cuts must now be made. This bill will make the direct spending cuts. Most significantly, it will enact the first substantive changes in Medicare and Medicaid since they were enacted in the 1960s (those changes are only the first step; further reforms will be necessary to ensure those programs' continued viability). Thanks to the leadership and expertise of the Chairman and ranking Member of the Finance Committee, this bill has managed to make those very sensitive, detailed changes and still retain broad bipartisan support. In the next couple of days, the tax reform measure will be considered. All then that will remain will be to consider the discretionary spending cuts on the 13 regular appropriations bills. We expect a strong bipartisan vote on final passage today, and hope that spirit of bipartisanship will prevail through the rest of the implementation of this plan to balance the budget. We are pleased to have the opportunity to vote in favor of final passage of this historic bill.

Those opposing final passage contended:

Argument 1:

We would love to vote for a budget agreement that balanced the budget, cut spending, and cut taxes. This bill will do none of the above. It will not balance the budget because it is based on economic projections that are too optimistic. Its supposed spending cuts are just cuts in the projected rate of increase in spending, which itself is too high a projection. The tax cuts, which will be in the bill to follow, are a pittance compared to the amount that the Federal Government confiscates from the American people each year in taxes. This plan looks like so many other plans that have come before Congress over the years to balance the budget, in which Congress and the President solemnly agree they will balance the budget by increasing the deficit for the next few years and then making drastic cuts afterwards. Those plans failed; we fear this plan will fail as well. We cannot support this bill.

Argument 2:

This bill is very close to being supportable. For the most part, it is in accordance with the budget agreement. Unfortunately, a few objectionable elements that were not in the agreement, such as the raising of the Medicare eligibility age, have been included, and for that reason we must vote against final passage.